
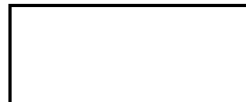


1 December 1975

MEMORANDUM FOR: DCI  
DDS&T  
DDI  
DDO  
DDA  
D/DCI/IC  
D/DCI/NIO  
IG  
General Counsel  
Legislative Counsel  
Comptroller  
  
Mr. Breckinridge

Herewith are Comments on the "Waldmann paper"  
delivered to him 29 November.



RICHARD LEHMAN

CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

28 November 1975

MEMORANDUM FOR: Mr. Raymond Waldmann

SUBJECT : CIA Suggestions on "Review of  
Background Information"

1. As we discussed, I have redone pages 23-26 and added an introduction. This might also eliminate the need for Tab C. For this reason we have not tried to make specific suggestions with regard to Tab C.

2. Our specific points elsewhere on the paper are as follows:

--Page 9, last para. Insert "dollar" before resources in line 4. Delete sentence beginning "CIA covert action".

--Page 14, third tic. Add "and covert action" after "CIA collection".

--Page 16, first sentence. Add "--based on the Schlesinger and PFIAB recommendations" at end.

--Page 17, third line. Begin sentence with "The directive also--".

--Page 20, last para. Change second sentence to read "--(through the PFIAB and the CIA Inspector General)--". Change "reorganization" to "changes" in next sentence.

--Page 21, last para. In second sentence, after "question" insert ", including those". Break last sentence after "efficiency". New last sentence would read "It noted the need for external and internal controls which would develop public confidence, but did not address these questions."



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--Page 22. Revise first para as follows:

The report recommends maintaining a national/departmental balance in intelligence. The DCI (renamed the Director General of Intelligence) would be a member of the NSC to increase his standing, but would be separate from the CIA (renamed Foreign Intelligence Agency). The new DGI would prepare a total national intelligence budget and would allocate to the various agencies funds appropriated to him. A strengthened staff, perhaps including the analysis and production elements of CIA, would assist him. The DGI would establish new arrangements with DOD to manage tactical intelligence, wartime transition, NSA, and the national reconnaissance program. The FIA would have a separate Director reporting either to the DGI or the NSC. The DGI would chair the NSCIC, USIB, and IRAC which would have essentially the same roles they do today.

--Page 27. Add new second sentence: "Some also point out that any major reorganization will have costs in disruption of existing machinery that must be weighed against the benefits sought."

--Page 28. We have a general concern about this list that the act of listing certain questions may make them into larger issues than they now are. Examples are B-3 (Why should we single out intelligence employees for criminal liability more than any other government employee?), B-8, and especially E-10.

--Page 28, Under A, add:

- "Accountability to the Attorney-General for possible abuses of authority and criminal acts, and policy on public disclosure"

- "Policy on secrecy agreements with intelligence personnel"

--Page 28, Under B, add:

"Statutory clarification of the scope and standing of secrecy agreements"

--Page 29, C-4, add ", responsibilities, and authorities" after "powers".

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--Page 29, C-6. Add, "responsibilities and relationships" after "powers".

--Page 29, Section C. Add E-3 from page 30.

--Page 29, D-2. Reword to read "Responsibility for clandestine collection and covert action".

--Page 29, D-3. Add "including NSCIC" after "Methods".

--Page 29, D-9. Reword to read "Selection of Director and Deputy Director(s) of CIA".

--Page 29, Section D. Add "Role of NRO".

--Page 30, E-2. Reword to read "Relationship of DCI to management of CIA".

--Page 30, E-3. Move to Section C.

--Page 30, E-9. Delete.

--Tab A, Page 1. Reword Section A as follows:

These committees have "legislative jurisdiction" over matters pertaining to the CIA or to the intelligence activities of the Department of Defense. In the exercise of this jurisdiction, they have primary congressional responsibility for the CIA. However, a number of other congressional committees have some form of "legislative oversight" over CIA and other elements of the intelligence community. They include the Committees on Government Operations, International Relations, and have recently even included the Committee on Post Office and Civil Service with respect to its investigation of the "mail intercept" programs. Both of the Armed Services Committees have delegated their authority to the intelligence subcommittees. These subcommittees are kept totally advised with respect to the activities of CIA and are given information on the CIA budget despite the fact that CIA has permanent budgetary authority under the provisions of the CIA Act of 1949, as amended (Section 8). The House Subcommittee has seven members and its Senate counterpart has five.

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--Tab A, I B. In next to last sentence, change "four" to "five".

--Tab A, I B. Reword last sentence as follows:  
"Its House counterpart, on which you served, is formally the Defense subcommittee (12 members), although---"

--Tab A, I C. Change title to House International Affairs Committee and reword as follows:

These committees have always received intelligence briefings by CIA based on the National Intelligence Estimates. They had no oversight function over the intelligence community until 1974 when, in response to a request from the leadership of the Foreign Affairs Committee, endorsed by the leadership of the House Armed Services Committee, Secretary Kissinger and Director Colby made an accommodation to brief the then Foreign Affairs Committee on CIA's covert activities which might in any way affect foreign policy.

On 8 October 1974, as part of the adoption of the Bolling/Hansen report on committee jurisdiction, special oversight was vested in the House International Relations Committee with respect to "intelligence activities relating to foreign policy." Subsequent amendments to the Foreign Assistance Act of 1974 (Section 32, PL 93-559, December 30, 1974, by Representative Leo Ryan and Senator Harold Hughes, resulted in the adoption of a new Section 662 of the Foreign Assistance Act of 1974, as amended) prohibit the expenditure of funds by or on behalf of CIA for operations in foreign countries "...other than activities intended solely for obtaining necessary intelligence..." unless the President makes a finding that each such operation is important to national security and reports are made to the "appropriate committees of the Congress," specifically including the Foreign Relations and Foreign Affairs Committees.

--Tab A. Add new I D as follows:

Senate and House Committees on Government Operations.

These committees have traditionally exercised legislative oversight over government offices generally with a view to determining the efficiency of the operations. A recent example of the exercise of the oversight is found in the Committee's jurisdiction of all government departments and agencies with respect to the provisions of the Freedom of Information and Privacy Acts.

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--Tab A. Change I D to I E, I E to I F.

--Tab A. II A 1. NSCIC was established by the President's letter of 5 November 1971.

--Tab A, II A 2. Delete "All major sensitive". Change "reconnaissance" to "technical collection".

--Tab A, III A. Add footnote: "The CIA Act of 1949 provides the DCI with a number of important operating authorities".

--Tab A, III A 1. Add to second para. "The chiefs of the military service intelligence agencies are participating observers". Change last sentence of third para as follows: "It has a number of specialized subcommittees".

--Tab A, III A 2. IRAC was established by the President's letter of 5 November 1971.

--Tab A, III A 3. Change "persons" to "professionals" and "four" to "three". Change last sentence to read "--after Dr. Schlesinger became DCI in 1973."

--Tab A, III A 4. Reword as follows:

This group of 11 substantive officers working directly for the DCI has a range of responsibilities, including supervision of the preparation of National Intelligence Estimates. (When created in 1973, it replaced the Board of National Estimates, which had existed in some form since 1950.)

--Tab A, III B, line 5. Add "and covert" after "overt."

--Tab A, III C 1. DIA was established in 1961.

--Tab A, III C 2. We believe NSA was established by Presidential directive.

--Tab A, III C 4. "--supports NSA by--".

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--Tab A, III D. "--headed by an officer of Assistant Secretary rank---

--Tab B. There is some danger that a busy reader might gain the impression that all the problems described here are still pressing. Some still are, some have been solved, and some have been overtaken. A footnote might take care of this problem.

--Tab C. Although the CIA study did not address a number of the matters cited here, the DCI has in fact expressed positions on several of them. This will be apparent if you get the package to which  referred.

RICHARD LEHMAN

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The Intelligence Community is passing through a crisis of public confidence. If the nation is to have the intelligence system it needs, that confidence must be restored. This requires inter alia clearer definition of the responsibilities and authorities of the intelligence agencies.

At the same time the political atmosphere of the day, together with the breakdown in confidence, has encouraged an attack on the conventional defenses of intelligence security. If the national intelligence system is to be effective, better defenses must be found for those things essential to intelligence operations. It should be noted that many desirable measures to this end run directly counter to those designed to restore confidence.

The need for public confidence and the need for secrecy mean that change is inevitable. Congress will clearly reconsider the intelligence provisions of the National Security Act of 1947. There is thus a unique opportunity to make fundamental improvements in Community management, and ultimately in the intelligence product, improvements that many intelligence officers have believed long overdue.

Three major and inter-related categories of measures are needed: measures to restore public confidence, including those restricting and defining intelligence responsibilities; measures to protect secrecy; measures to improve management.



NOTE: This outline could be developed ad infinitum. Subheadings marked with an asterisk are not used in the attached matrix.

I. Measures to restore confidence

A. Oversight

1. Executive
2. Congressional
3. Provision of product
- \*4. Public

B. Intelligence agency internal controls

\*C. Public education

II. Measures to restrict activities

A. Fiscal controls

- \*1. Open budget
- \*2. GAO audit

B. Prevention of "abuses"

C. Covert action

III. Measures to protect secrecy

A. Classification system

B. Protection of classified information

C. FOI and Privacy Acts

D. Protection of the intelligence budget

IV. Measures to improve management of foreign intelligence

A. DCI's relationship to the President

B. DCI as manager of the Community

1. Resources
2. USIB
3. Relations with Defense
4. Relations with State

C. DCI as manager of CIA

- \*1. Deputies
- \*2. Production elements
- \*3. Clandestine activities

D. Collection

- \*1. Human sources
- \*2. NRO
- \*3. NSA

E. Organization of Defense Intelligence

- \*1. Role of OSD
- \*2. Influence of DCI
- \*3. Responsibilities of DIA
- \*4. National/tactical questions
- \*5. Transition to war

F. Quality control of production

- \*1. Independent review by outsiders
- \*2. The National Estimates process
- \*3. Consumer inputs
- \*4. Analysis/collection balance
- \*5. Competition in analysis

I. CONFIDENCE	Schlesinger '71	PFIAB '71	DNC '72	Murphy '75	Rockefeller '75	CIA '75
A. External Oversight			Presidential Comm. on civil liberties (Endorses Pres & Sec State to control clandestine activities)	Stronger PFIAB (Endorses Rockefeller)	Executive order to limit domestic activities	General statement of need for stronger oversight
1. Executive					Stronger PFIAB Proper choice of DCI	
2. Congressional			Oversight Comm for FBI. Cong. Committees on Privacy & Internal Security	Jt Committee on Nat'l Security has jurisdiction over intel. (No changes in standing Committees, but Jt Comm to authorize annual budget).	Jt Committee on Intel replaces Armed Service Committees	General statement of need for stronger oversight.
3. Provision of product			Office to serve Congress. Another to serve public.	Central Cong. repository for (intel?) reports		
B. Intel Agency Internal Controls					CIA IG reports to PFIAB Strengthen CIA IG Strengthen CIA Gen Couns. Issue CIA Regulations on permissible activities Reduce CIA compartmentation	DGI to have IG for Community

II. RESTRICTIONS	Schlesinger '71	PFIAB '71	DNC '72	Murphy '75	Rockefeller '75	CIA '75
A. Fiscal			Force CIA to defend publicly its own budget		Make part of CIA budget public	
B. "Abuses"			National register of data banks Put Attorney - General on NSC Guidelines on domestic collection	DCI "person of of stature" from outside CIA	Revise NS Act to limit activities Pres should not involve CIA in internal security Single channel CIA to White House. CIA-FBI agreement on jurisdiction CIA-Justice agreement on criminal acts by CIA employees	
C. Covert Action			Pres & Sec State should control Amend NS Act clause on "such other functions" Severely limit no. of covert actions Separate analysis and CA?	Rpt to Jt. Comm. No Presidential Certification Approach gingerly (consider risks as well as benefits) Review periodically. Strengthen CIA internal oversight		Continue. Keep in CIA. Keep combined with clandestine collection.

III	SECRECY	Schlesinger '71	PFIAB '71	DNC '72	Murphy '75	Rockefeller '71	CIA '75
A. Classification System				Congress set classification standards; limit use of classification. Do away with Executive Privilege	Procedures for resolution of Executive Privilege claims Statutory class. system		General statement of need for a fresh look
B. Protection of classified information					Mandatory classification of information on sources & methods Criminal penalties for unauthorized disclosure	Clarify NS Act re DCI's responsibilities for protection of sources & methods Criminal penalties for unauthorized disclosure.	General statement of need for protection
C. FOI and Privacy Act					Supports FOI '74 amendments System for automatic downgrading	Intel agencies should review periodically for declassification in public interest	
D. Protection of Intelligence Budget				CIA should defend its budget publicly		Make part of CIA budget public	

IV. MANAGEMENT	Schlesinger '71	PFIAB '71	DNC '72	Murphy '75	Rockefeller '75	CIA '75
A. DCI's relationship to President	Option #3. Coordinator on President's Staff			Move DCI to White House; give access to President; retitle as DFI. Only President should have line authority over Community.		DGI should have access to and confidence of President, but should not be in White House. Should be member of NSC.
B. DCI as manager of Community.	#1. DNI has budget appropriated to his office. #2. DCI prepares consol. intel. budget. #3. Coordinator advises Pres. on resources.	Establish USIB Resources Comm.	Shift resources from CIA and DoD to State, ACDA, White House	DCI should prepare multi-year plan and consolidated budget. DCI should not have line authority over Community		DGI has funds approp. to him, allocates to operating components.
1. Resources						
2. USIB		Reconstitute under DCI. Expand role in budget & policy.				Reconstitute as advisory to DGI. Confine primarily to production matters.
3. Relations with Defense		Recognize need for tactical intel for field commanders.		SecDef should not be nation's chief intelli-	Mil. Deputy DCI to handle defense rela-	Statutory change in DGI-Defense relationships.
4. Relations with State			Larger role for State			DGI-State coordinating mechanism.

IV. MANAGEMENT	Schlesinger '71	PFIAB '71	DNC '72	Murphy '75	Rockefeller '75	CIA '75
C. DCI as manager of CIA	#2. DCI keeps CIA production. Rest becomes separate agency	DCI should delegate admin of CIA. He should directly control BNE and DDI.	Separate analysis and clandestine activities	Retitle as FIA. DFI should delegate much of administration to his deputy.	Second (civilian) Deputy DCI to administer CIA	Retitle as FIA. Separate from DGI. #1.DGI retains production #2.FIA retains production
D. Collection	Revise NSCID's to reestablish boundaries between collection agencies	Improve Foreign Service reporting Increase domestic clandestine coll of foreign intel. (esp by FBI)	Reduce clandestine collection	Improve Foreign Service reporting.		Must balance national and tactical requirements for coll.
E. Organization of Defense Intelligence	#1 Director of Defense Intelligence in full charge. #2 ASD/I to handle resource issues	ASD/I for resources		Sec Def must enforce national intelligence priorities.		DGI has larger voice, through budget and EXCOM, in DoD management of national programs. He has greater responsibility to provide support to Defense.
F. Quality Control for Intelligence Production	High level consumer feedback (NSCIC). Review of product by outsiders. More resources for analysis Competing centers (INR, DIA)	Establish "consumer influence" USIB Committee on evaluation to approve national estimates.	Executive Office "Council on Foreign Affairs" draws from academia etc. Institute adversary proceedings at all levels.	Restore national estimates staff Endorses Rockefeller on PFIAB. Stronger NSCIC	PFIAB to assess quality of collection and production	Invigorates NSCIC role by making DGI chairman Stronger DGI role in eval. of product.